GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2624
ANSWERED ON:16.03.2007
OUTSTANDING DUES AGAINST STATE GOVERNMENT ENTITIES
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Will the Minister of FINANCE be pleased to state:

(a) whether dues of the nationalised banks are outstanding against certain defaulting State Government entities which had borrowed on the State Government guarantees;

(b) if so, the total amount outstanding against them, State-wise; and

(c) the steps taken to recover the dues from the defaulting entities?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) & (b)i Nationalised banks invest in State Government securities and State Government guaranteed bonds issued by the State Government entities, and lend to the public undertakings / corporate bodies / autonomous entities, with or without the guarantee of State Governments. Some nationalised banks have brought to the notice of Reserve Bank of India (RBI) about non payment of interest and / or principal, unilateral restructuring of terms and conditions by the State Government entities. RBI, in its capacity as debt manager of State Governments, takes up such issues with the concerned State Governments by drawing their attention to the adverse impact of such actions on the credibility of their market borrowing programmes.

(c):Banks have taken steps for recovery` of their dues from the defaulting entities of the State Governments in accordance with their recovery policies and RBI guidelines which provide for restructuring of loans. One Time Settlement of dues, filing of cases in Courts / Debts Recovery Tribunals, etc.